

VZCZCXYZ0000
RR RUEHWEB

DE RUEHRB #0671/01 2001528
ZNR UUUUU ZZH
R 181528Z JUL 08
FM AMEMBASSY RABAT
TO RUEHC/SECSTATE WASHDC 8864
INFO RUCNMGH/MAGHREB COLLECTIVE
RUCPDOG/USDOC WASHDC
RHMFIUU/DEPT OF HOMELAND SECURITY WASHINGTON DC

UNCLAS RABAT 000671

SENSITIVE
SIPDIS

USDOC FOR HQ/USFCS/USDOC/CS DG ISRAEL HERNANDEZ, USDOC FOR
3131/USFCS/OIO/RD/ANESA/CREED/GLITMAN/STAUHID I, USDOC FOR
ITA/USDOC/MAC/DAS HOLLY VINEYARD

E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [EWWT](#) [MO](#)
SUBJECT: CMA-CGM PLANS DIRECT TANGER MED-NEW YORK SHIPPING
LINE FROM OCTOBER

Sensitive but Unclassified - not for internet distribution.

¶1. (SBU) Summary: Officials at CMA-CGM Shipping lines confirm that they will launch the first regularly scheduled service between the United States and Morocco at the end of October. The company will drop Lisbon from its weekly "Amerigo" service and will instead stop in Tanger Med both on its east and westbound sailings. The line will enable Moroccan exports to arrive in the U.S. in eight and a half days, as opposed to the nearly 45 days they can currently spend in transit while being transhipped through European ports. CMA-CGM officials note, however, that the vast bulk of cargo they will carry will be transhipped from other ports: both they and their competitors at Maersk lines agree that Moroccan cargo is currently insufficient to support a service, as aside from seasonal reefer cargoes of fresh fruits and other agricultural products, significant volumes are not there. End Summary.

¶2. (SBU) CMA-CGM Director General Frank Torfs and Sales Manager Mohamed El Assad confirmed to Econ Counselor on July 17 that the company had made a decision earlier this week to initiate a weekly service to the United States from the new container port at Tanger Med. The service will begin at the end of October in order to coincide with the start of Morocco's fruit export season. The service, the CMA officials said, will call at Tanger Med instead of Lisbon on both its east and westbound sailings. Starting in Malta, the line will call in Italy, France and Spain, before stopping in Tanger Med on day nine. It will then sail directly for New York, arriving on day 17, and then continue on to Norfolk, Savannah and Miami, before returning to Tanger Med and Malta. Torfs noted that the company will actually begin operations in Tanger Med at the end of August, but will start with a feeder service that will take cargo to Malta to join the line there.

¶3. (SBU) Torfs noted that the service will have a capacity of 850 forty foot containers per week. Moroccan origin products will likely be principally agricultural, he speculated, as there is great interest from Agadir growers. He thus anticipates that during the season that the service may carry 50-60 40 foot reefers of citrus products. Growers would load in Agadir in late afternoon, he said, and then ship their cargo by road overnight to Tanger Med to meet the ship. (Note: the actual time benefit to exporters will be less than the headline nine day transit: such products require 16 days uninterrupted cold storage to meet U.S. requirements, and so will be warehoused on arrival until that threshold is reached. End Note.) Torfs judged that there is little other potential volume from Moroccan exports, as "textile is not in quantity" nor are other products. He stressed, however, that

"we can't just rely on historical figures," as the service will so dramatically cut transit times (from 45 to 8.5 days).
"We have underestimated the impact of Tanger Med," he added, and he sees even more potential on the return leg, as evidenced by the increasing number of reefer cargoes coming eastbound from North America.

14. (SBU) Torfs also predicted that much cargo for Rabat and points north that currently transits through Casablanca will be redirected to Tanger Med. Congestion at the Casablanca Port has improved over the "catastrophic" situation that characterized last year, but it remains difficult, and companies may be willing to pay the added cost to use the more modern Tanger facility.

15. (SBU) For their part, CMA-CGM's competitors at Maersk lines indicate that they have no plans to open a direct line to North America from Tanger Med, though they stress that shipping plans are continually reevaluated and could change on short notice. While the company operates lines to Tanger Med from virtually every other continent, including South America, its North American lines will remain based at the Spanish port of Algeciras, 14 miles from Tanger Med. Feeder lines ferry cargo between the two ports. Maersk Director General Denedis Franck noted that while there has been political pressure for a U.S. line to support the free trade agreement, "from a business point of view it is not doable." The market, he added, "is far from being close to affording a line, as the required volumes simply aren't there."

16. (SBU) Comment: Shipping industry comments about the weakness in Morocco's export volumes are borne out by the continued degradation in Morocco's trade balance, with

exports covering a diminishing share of the country's burgeoning imports. New business may nonetheless emerge with the faster turnaround offered by the planned New York service, though Torfs is likely right that more will emerge initially on the eastbound leg. Torfs asked Embassy assistance in ensuring that the company meets U.S. security and other requirements and we will work with DHS and other appropriate agencies to ensure that necessary arrangements are in place to assure a smooth launch to the service in October. End Comment.

Visit Embassy Rabat's Classified Website;
<http://www.state.sgov.gov/p/nea/rabat>

Riley